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ANNUAL REPORT
OF
THE ONTARIO ENERGY BOARD
YEAR ENDING DECEMBER 31, 1962



TELEPHONE
365-2851

ONTARIO ENERGY BOARD

790 BAY STREET
TORONTO 2

February 11, 1963.

Sir:

I beg to submit the Annual Report for 1962 of The Ontario Energy Board, and I have the honour to be, Sir,

Your obedient servant,

A. R. Crozier.

A. R. Crozier,
Chairman.

The Honourable R. W. Macaulay, Q.C.,
Minister of Energy Resources,
Parliament Buildings,
Toronto, Ontario.

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ANNUAL REPORT
YEAR ENDING DECEMBER 31, 1962.

The report of the Board for the calendar year 1962 is submitted herewith in accordance with Part II, Section 39 (1) of The Ontario Energy Board Act.

While matters dealt with by the Board have increased in complexity, the functions and responsibilities have remained constant and are as required by The Ontario Energy Board Act, The Energy Act, The Municipal Franchises Act and The Assessment Act.

In December, amendments to the regulations under The Ontario Energy Board Act named The Ontario Energy Board as a Board of Arbitration in matters pertaining to compensation to landowners in gas storage areas, pursuant to Section 19 of The Ontario Energy Board Act. On February 26, 1963 the Board will hold its first gas storage arbitration hearing.

The Board heard 96 applications at 79 formal hearings throughout the year and 36 Board meetings were held. In addition, the Board has been conducting an extensive and exhaustive study of natural gas storage and its related problems pertaining to storage rentals, royalty payments, terms and conditions of oil and gas leases, gas storage agreements and The Gas and Oil Leases Act.

The applications heard by public hearing fall into the following categories:

APPLICATIONS HEARD UNDER:

The Municipal Franchises Act

Approval of terms and conditions of franchise agreements	26
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Certificates of Public Convenience and Necessity	14
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The Ontario Energy Board Act

Gas Rates	29
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Authorization to inject gas	1
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The Energy Act

Testing for suitability for storage of gas	1
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Secondary Recovery of Oil	2
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Leave to Construct Pipe Lines	22
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Pipe Line Expropriations	1
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96

By comparison with the year 1961, there has been a general overall increase in the number of applications heard in each of the listed categories with the exception of pipe line expropriations which this year decreased by 32, despite the fact that the number of pipe lines for which leave to construct was granted doubled in the year 1962. This indicates a high proportion of settlements between the landowners and the owners of the pipeline.

RECEIPTS

Filing fees and hearing costs.....	\$20,227.77
Sale of documents.....	<u>768.23</u>
Total	\$20,996.00

One of the major activities of the Board during the year 1962 was the completion of the Union Gas Company of Canada's rate application. This hearing which began on September 20, 1961 concluded in April, 1962 and the Board's Reasons for Decision were issued in June.

In May, 1962 the Board commenced the rate hearing of United Gas Limited. The preliminary portion only of this application was dealt with and an interim order issued. This hearing will reconvene in January of 1963 when the evidence-in-chief will be heard.

A third major rate hearing, that of Northern Ontario Natural Gas Company and its almost wholly-owned subsidiary Twin City Gas Company, was begun in September. It is anticipated this hearing will be concluded by the Spring of 1963.

Two public hearings were held for permission to conduct water flooding operations for the secondary recovery of oil. One of these operations is located in the Warwick Pool, Township of Warwick, Lambton County and the other in the south part of Rodney

Pool, Aldborough Township, Elgin County.

A hearing was held in the matter of an application to drill and carry out tests in Crowland and Humberstone Townships, Welland County for the suitability of the Whirpool formation for the storage of natural gas.

Following a hearing of interested persons the Board granted authorization for the injection and storage of gas in Dawn #156 Pool in Lambton County. Earlier in the year this pool had been designated as a gas storage area.

Upon the recommendation of the Minister of Energy Resources, the Board was required by Order-in-Council to conduct a study of certain matters pertaining to natural gas storage, as mentioned earlier in this report. In this connection the Board received 17 briefs from interested persons and pipe line companies and held public hearings of the landowners in the designated storage pools of Dawn Township #1 and #2 gas pools, Waubuno and Payne gas pools.

Many states in the United States were visited and persons contacted in order to ascertain the latest gas storage developments and methods of dealing with storage payments and other related matters. An interim report covering the Board's findings will be submitted during 1963.

There have been no additions or deletions insofar as the Chairman and Commissioners are concerned. The staff of the Board has changed slightly in that the position of Board engineer has been vacant since the resignation of that incumbent in July of this year. The stenographic services have had one deletion during the year for which replacement has not yet been provided.

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AUTHOR

Ontario Energy Board

TITLE

1962 Annual Report

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